

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF WESTERN) CASE NO. 8227-A
KENTUCKY GAS COMPANY)

O R D E R

On October 9, 1981, the Commission issued its Order in Case No. 8227, approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On October 10, 1981, Western Kentucky Gas Company ("Western") filed with the Commission its notice of an increase in rates from one of its suppliers, Tennessee Gas Pipeline Company ("Tennessee Gas").

On October 22, 1981, Western filed an amendment to its filing of October 10, 1981, due to Tennessee Gas filing revised tariff sheets on October 19, 1981. These revised tariff sheets updated the June 1, 1981, tariffs to reflect (1) the elimination of all facilities and related costs which will not have been certificated and placed in service by November 1, 1981; (2) revisions related to advance payments claimed in rate base; (3) the current average cost of purchased gas and certain other rate adjustments reflected in Tennessee Gas' filing made effective on July 1, 1981, in Docket Nos. TA81-2-9 (PGA81-2, et. al.).

As a result of the changes effective as aforesaid the cost of gas to Western for the 12-month period ended August 31, 1981, would have increased \$1,304,529.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds that:

(1) The Public Service Commission is being asked to approve a price increase already approved by the FERC when it granted Western's supplier, Tennessee Gas, a wholesale gas cost increase. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unfair and unjust to Western and would ultimately result in higher rates to their consumers in any event. The Commission has (in writing) indicated its opposition to the procedures and regulations used by the federal agency in approving these supplier increases since 1975. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

(2) Western's supplier, Tennessee Gas, has filed revised tariff sheets reflecting an increase in rates with the FERC and said increase is to become effective November 1, 1981.

(3) The application filed October 22, 1981, reflected Tennessee Gas' rates as filed with the FERC, to be effective November 1, 1981.

(4) The magnitude of this filing exposes Western to substantial under-recovery of its gas costs if the rates are not implemented in a timely manner.

(5) The Commission should waive its policy of requiring evidence of FERC acceptance in this case and allow Western to place into effect subject to refund the rates in Appendix A.

(6) Western's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8227, dated October 9, 1981, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after the date the increased cost of whole-sale gas becomes effective.

(7) Western's Base Supplier Rate for purchased gas will be as follows:

	<u>Demand/Mcf</u>	<u>Commodity/Mcf</u>
Texas Gas Transmission Corporation		
G-2	\$ 2.22	\$ 2.6414
G-3	2.62	2.6898
G-4	3.00	2.7272
	<u>Commodity</u>	<u>Gas Rate</u>
Tennessee Gas Pipeline Company		
G-2	\$.3094	\$ 2.3579
GS-2	.6573	2.3579
Local Producers	--	2.7759

(8) Western's adjustment in rates under the purchased gas adjustment clause, as set out in Exhibit D, page 1 of its notice herein, in the amount of 3.32 cents per Mcf, is fair, just and reasonable and in the public interest and should be allowed to become effective for service rendered on and after the date the increased cost of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that said purchased gas adjustment sought by Western, as set forth in Exhibit D, page 1 of its notice, be and hereby is approved to be effective for service rendered on and after the date the increased cost of wholesale gas becomes effective, subject to refund, for all customers in Appendix A, attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Western shall maintain its records in such manner as will enable it, or the Commission, or any of its customers, to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of the future application of the purchased gas adjustment clause of Western, the base rate for purchased gas shall be:

	<u>Demand/Mcf</u>	<u>Commodity/Mcf</u>
Texas Gas Transmission Corporation		
G-2	\$ 2.22	\$ 2.6414
G-3	2.62	2.6898
G-4	3.00	2.7272
	<u>Commodity</u>	<u>Gas Rate</u>
Tennessee Gas Pipeline Company		
G-2	\$.3094	\$ 2.3579
GS-2	.6573	2.3579
Local Producers	--	2.7759

IT IS FURTHER ORDERED that the information furnished this Commission by Western on October 22, 1981, constitutes full compliance with the Commission's Order in Case No. 8227, and any other information ordinarily required to be filed under the Commission's regulations is hereby waived.

IT IS FURTHER ORDERED that within 30 days from the date of this Order, Western shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 18th day of November, 1981.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8227-A DATED
NOVEMBER 18, 1981

The following rates are prescribed for the customers in the area served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES:

Applicable to all rate schedules

Purchased Gas Adjustment

To each bill rendered under all rate schedules there shall be added an amount equal to: 3.32 cents per Mcf of gas used during the billing period.